

US Money Market Update

Frequently Asked Questions answered for UBS Select Prime (FNAV) MMFs
UBS Asset Management

June 11, 2024

Answered questions on the UBS Select Prime Floating Rate NAV (FNAV) Money Market Funds (MMFs) for investors deemed “non-natural persons” and “natural persons”.

On July 12, 2023, the US Securities and Exchange Commission (SEC) voted to amend the rules governing how money market mutual funds (MMFs) are structured and may operate. The rules were last amended in 2016 to seek to mitigate fund risk, enhance fund regulation and provide transparency for investors.

The SEC has introduced new mandatory liquidity fees under the money market fund rule (known as Rule 2a-7) which applies to institutional prime (also known as floating rate NAV or “FNAV” funds) and institutional tax-free money market funds and takes effect beginning on October 2, 2024.

What caused the SEC to introduce mandatory liquidity fees for certain Money Market Fund types?

The SEC observed large redemptions in institutional prime and institutional tax-free money market funds within the two-week period of March 11 through 24 in 2020 at the outset of the COVID-19 pandemic when publicly offered institutional prime MMFs experienced redemptions of 30%. The purpose of the new mandatory liquidity fee is to help allocate liquidity costs to redeeming investors rather than remaining investors during liquidity stressed periods. This is designed to help mitigate dilution and disincentivize any potential first mover advantage and large redemptions in institutional prime and tax-free money market funds.

- The mandatory liquidity fee applies to ALL Institutional Prime and Tax Free MMFs pursuant to Rule 2a-7.
- This new mandatory liquidity fee is imposed on trade date if a fund’s total net redemptions that day exceed 5% of the fund’s net assets base. The fund’s investment advisor is required to calculate the liquidity fee and ensure this is applied to all redemption orders unless the fee is de-minimis (i.e., is less than 0.01% of the value of shares redeemed). If

the cost of selling a pro rata amount of each security in a fund’s portfolio cannot be estimated in good faith and supported by data of the costs the fund would incur if it sold a pro rata amount of each security in its portfolio to satisfy the amount of the net redemptions, the fund must impose a default fee of 1% of the value of the gross shares redeemed.

Why are we closing the UBS Select Prime Floating NAV Money Market Funds?

The decision by the Board of Trustees of Master Trust/UBS Series Funds to close the UBS Select Prime FNAV MMFs was driven by the new mandatory liquidity fee rules described above, which will apply from October 2, 2024. This means there will be a risk every day of a liquidity fee being applied to redemption orders which increases operational risks.

Impacted: The UBS Select Prime Preferred & Select Prime Institutional MMFs will be **closed to new investors and additional purchases from ALL existing investors** (except for dividend reinvestment) beginning June 21, 2024.

As a result of the above reforms, the UBS Select Prime Preferred & Select Prime Institutional money market funds will be converted to retail only (“natural-persons”) MMFs after the involuntary redemption of non-natural persons on August 16, 2024.

These MMFs will then be merged into our UBS Prime Reserves and Prime Preferred Constant NAV (“CNAV”) MMFs on or around August 23, 2024.



| Acquired Funds | | Acquiring Funds | |
|-------------------------------------|-------|---------------------------------------|-------|
| Master Trust – Prime Master Fund | | Master Trust – Prime CNAV Master Fund | |
| UBS Select Prime Preferred Fund | SPPXX | UBS Prime Preferred Fund | UPPXX |
| UBS Select Prime Institutional Fund | SELXX | UBS Prime Reserves Fund | UPRXX |

Not impacted: The following funds will not be impacted by the rule and will continue to operate as they do today.

| Money Market Funds | Ticker |
|---|--------|
| UBS Prime Preferred Fund (Retail only) | UPPXX |
| UBS Prime Reserves Fund (Retail only) | UPRXX |
| UBS Tax-Free Preferred Fund (Retail only) | SFPXX |
| UBS Tax-Free Reserves Fund (Retail only) | STFXX |
| UBS Select Government Preferred Fund | SGPXX |
| UBS Select Government Institutional Fund | SEGXX |
| UBS Government Money Market Investments Fund | PCEXX |
| UBS Select Treasury Preferred Fund | STPXX |
| UBS Select Treasury Institutional Fund | SETXX |
| UBS Select 100% US Treasury Pref. Fund | SOPXX |
| UBS Select 100% US Treasury Inst. Fund | SIOXX |
| UBS RMA Government Money Market Fund ¹ | RMGXX |
| UBS Liquid Assets Government Fund ¹ | |

What are the options for non-natural persons (i.e. institutional) investors currently in the UBS Select Prime Preferred and the UBS Select Prime Institutional FNAV MMFs?

- Financial advisors and intermediaries are encouraged to discuss with clients deemed “institutional” or “non-natural persons” to proactively redeem holdings and invest in other UBS Money Market Funds such as UBS Select Government, Treasury or 100% US Treasury MMFs (see table below).
- If no action is taken, accounts deemed “institutional” or “non-natural persons” will be involuntarily redeemed from the fund on **August 16, 2024**.

We will continue to offer to natural persons (i.e. retail) investors the UBS Prime Reserves and UBS Prime Preferred funds as well as UBS Tax Free Reserves and UBS Tax Free Preferred MMFs (these MMFs are NOT subject to the mandatory liquidity fee requirement), in addition to all of the funds in the table below:

| UBS Money Market Funds available to Non-Natural Investors | Ticker |
|---|--------|
| UBS Select Government Preferred Fund | SGPXX |
| UBS Select Government Institutional Fund | SEGXX |
| UBS Government Money Markets Investments Fund | PCEXX |
| UBS Select Treasury Preferred Fund | STPXX |
| UBS Select Treasury Institutional Fund | SETXX |
| UBS Select 100% US Treasury Pref. Fund | SOPXX |
| UBS Select 100% US Treasury Inst. Fund | SIOXX |
| UBS RMA Government Money Market Fund ¹ | RMGXX |
| UBS Liquid Assets Government Fund ¹ | |

What are the options for natural persons deemed “retail” investors in the UBS Select Prime Preferred and the UBS Select Prime Institutional FNAV MMFs?

- You do **not need to take any action** and your position will be automatically migrated to a similar class (i.e. expense ratio) of the UBS retail (i.e. constant NAV) Prime MMF; your financial advisor will keep you posted on the conversion to CNAV Prime MMFs planned on **August 23, 2024**.

Benefits of moving to CNAV Prime Retail

- Greater flexibility as there is a later daily NAV trading cut off at 5pm Eastern Time (ET) as opposed to 3pm ET.
- Investment objective and exposures are aligned across FNAV Prime and CNAV Prime MMFs.
- Merging the FNAV Prime MMFs into the CNAV Prime MMFs will increase operating and portfolio management efficiencies.

What is the competitive landscape for Prime Institutional MMFs now and likely to be post October 2, 2024?

As of June 7, 2024, twelve prime institutional MMFs have confirmed that they are either liquidating or converting to government or retail MMFs².

A recent mandatory fee survey from the Investment Company Institute in April 2024, has identified that most of the 24 firms who participated in the survey expect assets under management to be significantly lower in impacted funds post October, 2 2024 with the majority of firms confirming that if they do offer this MMF type they will discontinue with multiple daily NAV strikes and implement earlier cut off times for final orders on trade date. However, there are still several unknowns on how the mandatory liquidity fee would operate in practice, which has resulted in many managers considering different options including:

- Converting Prime Institutional and/or Tax Exempt Institutional MMFs to Prime Retail, Tax-Exempt Retail or Government MMFs.
- Liquidating existing Prime Institutional and/or Tax Exempt Institutional MMFs.

Do you think there will be opportunities to invest in equivalent products in the future?

UBS Asset Management is committed to monitoring, and evaluating the landscape, which includes responding to client demand and regulatory changes in relation to mandatory liquidity fees.

Please get in touch with a UBS Asset Management Liquidity Sales Specialist with any questions or to discuss alternative options.

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¹ Sweep funds refer to a money market fund that is available via UBS Financial Services’ automatic cash sweep platform, where free cash balances of the client’s account are regularly swept into the fund.

² Published by Crane Data LLC who are a money market and mutual fund information company.



For more information

Contact your financial advisor or UBS Asset Management at 888-793 8637 for a current Fund prospectus. Consider carefully the Fund's investment objectives, risks, charges, expenses and other matters of interest set forth in the prospectus. The prospectus contains this and other information about the Fund. Please read it carefully and consider it before investing. It is important you have all the information you need to make a sound investment decision. An investment in a fund is only one component of a balanced investment plan. Diversification and asset allocation strategies do not ensure gains or guarantee against loss.

Current and future portfolio holdings are subject to risk.

UBS Asset Management (Americas) LLC., the Fund's placement agent, is an affiliate of UBS AM. UBS AM is registered with the SEC as an investment advisor. UBS AM is an indirect wholly owned subsidiary of UBS Group AG

For CNAV Money Market Funds

You could lose money by investing in money market funds. Although certain money market funds seek to preserve the value of your investment at \$1.00 per share, they cannot guarantee they will do so. Certain funds may impose a fee upon the sale of your shares under certain circumstances. An investment in any money market funds is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Money market funds' sponsor is not required to reimburse a fund for losses, and you should not expect that the sponsor will provide financial support to a fund at any time, including during periods of market stress.

For FNAV Money Market Funds

You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. Also, the fund may impose a fee upon the sale of your shares. An investment in the fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor is not required to reimburse the Fund for losses, and you should not expect that the sponsor will provide financial support to the fund at any time, including during periods of market stress.

Not FDIC insured. May lose value. No bank guarantee.

Americas

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There are fees associated with investing in separately managed accounts. For fees charged in connection with the UBS Financial Services program, please refer to the UBS Financial Services ADV Wrap Fee Program Brochure.

For more information, contact UBS Asset Management at 888-793 8637. Mutual funds are sold by prospectus, which includes more complete information on risks, charges, expenses and other matters of interest. Investors should read the prospectus carefully before investing. An investment in the Fund is only one component of a balanced investment plan.

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